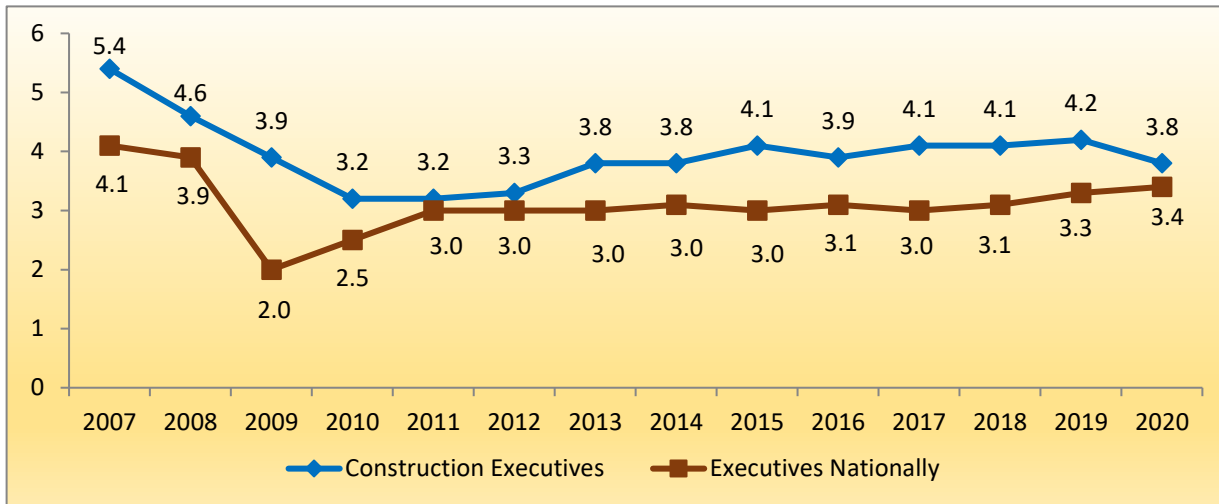


## 2020 Actual and 2021 Executive Pay Forecast

The 2020 Executive actual increase came in at 3.8% (more on this on page 4). The projected 2021 executive increase is 3.4%. Historically predictions are about .5% low, but it's too early to know if we will see this much escalation in 2021. We will have some sense late in the second quarter on how 2021 will play out. For comparison, WorldatWork is projecting a 3.1% average increase for all executives in 2021.



## Executive Pay

The following represents base salary national numbers regardless of company size, type of contractor, type of construction performed – all factors in determining a competitive market value. We would expect your pay to be either above or below these numbers based on your company's demographic scheme.

Survey Position	25 <sup>th</sup> Percentile	Median	Average	75 <sup>th</sup> Percentile
Board Chairman	\$330,700	\$399,000	\$467,530	\$520,000
President	\$225,500	\$292,510	\$312,532	\$368,100
Executive Vice President	\$178,465	\$226,950	\$235,916	\$275,000
Senior Vice President	\$176,500	\$214,160	\$217,687	\$247,750
Vice President of Operations	\$152,075	\$175,776	\$181,765	\$200,000
Vice President of Estimating	\$143,020	\$164,120	\$170,885	\$193,790
VP of Business Development	\$155,000	\$169,417	\$178,613	\$191,004
VP of Preconstruction	\$152,000	\$168,200	\$177,735	\$197,500
VP /Chief Financial Officer	\$149,750	\$184,500	\$202,429	\$240,250
VP of Human Resources	\$129,200	\$153,830	\$165,057	\$188,000
General Counsel	\$183,130	\$220,571	\$234,350	\$273,481
Operations Manager	\$124,563	\$148,000	\$146,609	\$168,623
IT / MIS Director	\$110,358	\$144,500	\$144,325	\$167,750
Divisional Manager	\$124,869	\$148,293	\$148,134	\$174,150
Controller	\$100,000	\$121,800	\$124,986	\$144,187



### Executive Pay (continued)

Focusing on the Presidents total direct compensation (base pay plus bonus) the differences between revenue sizes offers a good look at how company volume impacts compensation practices. In general terms, the larger the contractor, the higher the compensation. Making more than the following numbers? That's ok. The combination of base salary and bonus of the top 3 highest paying companies in 2020 averaged \$2,681,633.

Revenue Size	Average Total Compensation
Up to 5 Million	\$174,168
5 Million to 25 Million	\$303,716
25 Million to 100 Million	\$417,504
100 Million to 250 Million	\$481,441
Over 250 Million	\$981,867

Company size is important, but there are notable differences between other demographics. The following tables reflect variable pay practices for the **President** position. The percentages reflect the bonus paid as a percent of base salary, which we think is the best way to interpret market practices.

Demographic	25 <sup>th</sup> Percentile	Median	Average	75 <sup>th</sup> Percentile
All Contractors				
Incentive Amount	\$91,203	\$190,000	\$300,637	\$348,357
Percent of Base	35.7%	67.7%	91.0%	104.0%
General Contractor				
Incentive Amount	\$100,000	\$190,141	\$306,434	\$405,000
Percent of Base	37.8%	70.4%	96.0%	110.0%
Electrical Contractor				
Incentive Amount	\$118,810	\$240,261	\$287,114	\$346,500
Percent of Base	42.7%	70.3%	90.3%	107.0%
Developer				
Incentive Amount	\$187,500	\$265,250	\$352,050	\$617,500
Percent of Base	60.8%	78.7%	105.0%	154.0%
Construction Manager				
Incentive Amount	\$157,500	\$312,500	\$444,317	\$630,000
Percent of Base	46.2%	91.8%	107.0%	141.0%
Mechanical Contractor				
Incentive Amount	\$103,810	\$169,340	\$290,389	\$346,971
Percent of Base	27.8%	64.7%	89.8%	106.0%
Design-Build Contractor				
Incentive Amount	\$190,000	\$300,500	\$422,930	\$592,500
Percent of Base	55.4%	85.8%	97.2%	116.0%



Demographic	25 <sup>th</sup> Percentile	Median	Average	75 <sup>th</sup> Percentile
<b>Building</b>				
Incentive Amount	\$97,500	\$190,000	\$293,449	\$359,000
Percent of Base	36.9%	69.5%	93.0%	106.0%
<b>Highway</b>				
Incentive Amount	\$110,000	\$212,500	\$304,368	\$425,000
Percent of Base	46.1%	76.6%	90.4%	115.0%
<b>Heavy</b>				
Incentive Amount	\$110,000	\$236,989	\$342,639	\$499,500
Percent of Base	45.1%	81.0%	92.1%	122.0%
<b>Industrial</b>				
Incentive Amount	\$106,500	\$205,000	\$319,510	\$392,500
Percent of Base	40.2%	67.9%	85.5%	110.0%
<b>Municipal</b>				
Incentive Amount	\$156,000	\$240,261	\$329,701	\$500,000
Percent of Base	49.4%	85.0%	99.0%	141.0%
<b>Up to 5 Million</b>				
Incentive Amount	\$28,825	\$55,000	\$63,644	\$107,500
Percent of Base	19.8%	41.9%	48.4%	73.0%
<b>5 to 25 Million</b>				
Incentive Amount	\$59,150	\$102,500	\$138,450	\$195,000
Percent of Base	30.0%	46.2%	59.5%	90.3%
<b>25 to 100 Million</b>				
Incentive Amount	\$70,741	\$150,000	\$232,057	\$265,000
Percent of Base	24.7%	60.2%	99.9%	101.0%
<b>100 to 250 Million</b>				
Incentive Amount	\$101,310	\$165,000	\$219,762	\$288,000
Percent of Base	32.6%	55.7%	79.5%	95.8%
<b>250 to 500 Million</b>				
Incentive Amount	\$292,020	\$405,000	\$473,156	\$645,000
Percent of Base	73.6%	98.6%	117.0%	153.0%
<b>Over 500 Million</b>				
Incentive Amount	\$260,000	\$447,500	\$717,747	\$990,000
Percent of Base	49.5%	82.6%	121.0%	178.0%



## There's more to the story

Did that 3.8% pay increase in 2020 throw you for loop? As reported in recent CCQ's, we know that 47% of contractors make pay adjustments between December and March each year. So, as the Pandemic hit last March, there had been some significant changes in pay. That 3.8% represents some of that impact on 2020 and recognizes many executives had already experienced pay adjustments. When we factor in the 20% that froze pay, the overall increase number drops to 3.1%. Likewise, eighty-five percent of the survey participants anticipated a 2021 executive increase averaging 3.4% (2.9% including zero responses).

So, should you focus on the 3.8% or the 3.1% in 2020 (similarly the 3.4% or 2.9% in 2021)? Both numbers are meaningful and how you use them depends on your pay strategy and resources. Ann Bares at Altura Consulting is one our favorite compensation gurus and offers this explanation from an older posting (<https://www.compensationforce.com/2009/08/on-the-question-of-the-zeros.html>).

For those of us seeking high level guidance on where to set next year's salary budget ... what to do? Do we use the **figures with zeros** or the **figures without zeros**?

The answer is ... **Yes**.

(You knew I wasn't going to make this easy, didn't you?)

Yes ... because both numbers tell you something important about what's happening in the labor market.

The "with zeros" data gives you a snapshot of the market in its entirety, the speed at which salaries are moving on average, considering all employers, those who are/have awarded increases as well as those who are not/have not.

The "without zeros" data tells you what is happening at those employers who have remained financially strong enough to commit to salary increases and *who will be in the best position to compete for your employees*.

So where do you want to be this year?

## The Final Word

We just finished the *2021 Construction / Construction Management Staff Salary Survey*. The results project a 3.2% increase for middle managers and professionals in 2021 with only 4% indicating a pay freeze this year. There is a frequent correlation and spread between staff and executive increases, so we expect the executive projected increase to grow as the year progresses and the number of firms freezing executive pay to reduce considerably.

And finally, this is our annual reminder that the most objective way to prove your company's compensation is within the "normal" parameters of the industry is to use industry surveys. These surveys help define the industry standards which is precisely why participation is so important. These standards are just one step in establishing a sound pay program with structure and guidelines on how your employees are compensated.

You can get PAS surveys via email. Contact [order@pas1.com](mailto:order@pas1.com) for a PDF or Excel version. We will follow-up with hardcopy / invoice to your office